

AFRICAN DEVELOPMENT FUND



UNITED REPUBLIC OF TANZANIA

POVERTY REDUCTION SUPPORT LOAN II

PROGRAM COMPLETION REPORT

AUGUST 2008

**GOVERNANCE, ECONOMIC AND FINANCIAL REFORMS DEPARTMENT
OSGE**

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CURRENCY EQUIVALENTS

Currency Unit = Tanzanian Shilling (TZS)

	<u>April 2006</u>		<u>June 2008</u>
UA 1	= 1701.95 Tanzanian Shillings	=	2,033.95 Tanzanian Shillings
UA 1	= 1 SDR	=	1 SDR
UA 1	= US \$ 1.44085	=	1.62069 US \$
UA 1	= 0.83051 Pound Sterling	=	0.821227 Pound Sterling
UA 1	= 1.88131 Swiss Francs	=	1.69978 Swiss Francs
UA 1	= 11.1593 Swedish Krona	=	9.77278 Swedish Krona
UA 1	= 169.155 Japanese Yen	=	171.242 Japanese Yen
UA 1	= 8.88312 Danish Krona	=	7.79484 Danish Krona
UA 1	= 9.48434 Norwegian Krona	=	8.26439 Norwegian Krona
UA 1	= 1.68161 Canadian Dollars	=	1.61129 Canadian Dollars

WEIGHTS AND MEASURES

Metric System

TANZANIA FISCAL YEAR

01 July to 30 June

This report was prepared following a PCR mission to Tanzania that was undertaken in June 2008 by Mr. Abdul-Nashiru Issahaku, Task Manager, OSGE.1 and Mr. Jackson R. Mwaikinda, Consultant Economist.

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ABBREVIATIONS AND ACRONYMS

ACGEN	Accountant General'
ASDP	Agriculture Sector Development Programme
BEST	Business Environment Strengthening for Tanzania
BoT	Bank of Tanzania
BRELA	Business Registration and Licensing Agency
CAG	Controller and Auditor General
CTI	Confederation of Tanzania Industries
DAC	Development Assistance Committee
DFID	UK Department for International Development
DPs	Development Partners
DPG	Development Partners Group
EC	European Commission
EMA	Environment Management Act
EU	European Union
EWURA	Energy Water Utility and Regulatory Authority
GBS	General Budget Support
GFFHIV/AIDS	Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria
GoT	Government of Tanzania
GWG	Governance Working Group
IFMS	Integrated Financial Management System
IPTL	Independent Power Tanzania Limited
JAST	Joint Assistance Strategy for Tanzania
KfW	Kreditanstalt flir Wiederaufbau
LAAC	Local Authority Accounting Committee
LGA	Local Government Authority
LGRP	Local Government Reform Programme
LSRP	Legal Sector Reform Programme
MDAs	Ministries, Departments and Agencies
MDRI	Multilateral Debt Relief Initiative
MKUKUTA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
MKUZA	Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Zanzibar
MLHHS	Ministry of Lands, Housing and Human Settlement Development
MLYDS	Ministry of Labour, Employment , Youth Development and Sports
MEM	Ministry of Energy and Minerals
MoF	Ministry of Finance
MFEA	Ministry of Finance and Economic Affairs
MHSW	Ministry of Health and Social Welfare
MID	Ministry of Infrastructure Development
MJCA	Ministry of Justice and Constitutional Affairs
MoW	Ministry of Works
MPEE	Ministry of Planning, Economy and Empowerment
NACSAP	National Anti-Corruption Strategy and Action Plan
NAO	National Audit Office
NBS	National Bureau of Statistics
NSGRP	National Strategy for Growth and Reduction of Poverty
PAF	Performance Assessment Framework
PAC	Public Account Committee
PEFAR	Public Expenditure and Financial Accountability Review

PSRP	Public Service Reform Programme
PFM	Partnership Framework Memorandum
PFMRP	Public Finance Management Reform Programme
PHDR	Poverty and Human Development Report
PMMP	Poverty Monitoring Master Plan
PMIS	Procurement Management Information System
PMS	Poverty Monitoring System
PMU	Procurement Management Unit
PO PSM	President Office Public Service Management
PMO-RALG	Prime Minister's Office - Regional Administration and Local Government
PPA	Public Procurement Act
PPRA	Public Procurement Regulatory Authority
PCDS	Procurement Capacity Development Strategy
PRA	Procurement Regulatory Authority
PRBS	Poverty Reduction Budget Support
PRGFSC	Poverty Reduction Growth Facility Poverty Reduction Support Credit
PSI	Policy Support Instrument
RIMKU	Ripoti ya Utekelezaji wa MKUKUTA
SBAS	Strategic Budget Allocation System
SPILL	Strategic Plan for the Implementation of Land Laws
SUMTRA	Surface and Marine Transport Regulatory Authority
TACAID	Tanzania Commission for AIDS
TASAF	Tanzania Social Action Fund
TMP	Tax Modernisation Programme
TPSF	Tanzania Private Sector Foundation
TRA	Tanzania Revenue Authority

EXECUTIVE SUMMARY

i. Tanzania embarked on a program of macroeconomic reforms in the 1990s. The ADF joined the Government efforts in this regard when it approved its Structural Adjustment Loan (SAL) in November 1997. This was followed SAL II in 2001 and a Poverty Reduction Support Loan (PRSL I) in 2004. PRSL II was appraised in February 2006. The principal objective of PRSL II was to support Government efforts to promote strong and sustainable growth during fiscal year 2006/07. Analysis of performance of this program indicates that there were positive results in most areas covered by PRSL II. The program was relevant and it positively impacted on the economy. During 2000-2005 real GDP averaged 5 percent and per capita GDP growth rate averaged about 2¾ percent. The 2007 GBS Annual Review report notes that most indicators overall for the period 2006/07 recorded positive progress. Real GDP growth of 6.2 percent is noted for 2006 against a target of 6-8 percent growth per annum. It also includes, in the positive areas, growth of exports of goods and services (6.4 percent), food self sufficiency (112 percent against a MKUKUTA target of 119 percent in 2010), and domestic revenue collection (18.1 percent of GDP compared to 14.3 percent in 2005/06). Growth in agriculture declined however from 5.1 percent in 2005 to 4.1 percent in 2006 due to drought. For the transport sector, there was no assessment made in the review report. However, funding of maintenance increased by 150%, from TZS 85,517 million in 2006/07 to TZS 217,474 million in 2007/08. This was a significant achievement. Outcome indicators on roads show that progress was “on track”. The trunk (national) and regional roads network in good and fair condition amounted to 42% of the roads in 2007 compared to 47% in 2005 and over 75% for the target year 2010, while those in “fair” condition amounted to 37% in 2007 compared to 35% in 2005 and over 20% for the target year 2010.

ii. The preparation of this PCR followed completion of the annual review of MKUKUTA which was done in October 2007. The review report replaced the Borrower’s PCR and this caused some difficulties in the analysis for the Bank’s PCR due to format differences. Other donors observed in their discussion of the annual review report, that some of the terminology used in the report requires to be refined so as to remove ambiguity and be understood by both Government and DPs in the same way. Also outcome indicators on the access of rural population to clean and safe water in 2007 is disputed because they do not reflect harmonized definitions and do not cover some regional centres including Dar es Salaam.

iii. Assessment of performance of both the Bank and the Government by this PCR is that it was generally satisfactory. However there was a delay in disbursement because of non-fulfilment of the loan conditions. Three of the loan conditions were partially fulfilled, necessitating the Board to waive them in order to allow disbursement of the loan funds. This was done at the end of the financial year, resulting in the funds being used in the following financial year instead. The main reason of not fulfilling the three conditions was that the Ministries responsible were restructured immediately after the elections of December 2005 and it took some time for the status of loan conditions and their requirements to be known to the new set up and for the Ministries to establish a structure that will deal with the respective conditions.

iv. The main lessons learned from this operation were the need to reduce the number of conditions and to closely follow-up their fulfilment to ensure that disbursement is made in good time during the planned implementation of the program. There is also a need for the funding/coordination function of the Public Expenditure and Financial Accountability Review (PEFAR) to be reviewed to ensure that PEFAR report is made available on a timely basis and widely, so that the GBS Annual Reviews benefit from it by making reference to it.

PRSL II – BASIC DATA SHEET

COUNTRY : United Republic of Tanzania
 PROJECT TITLE : Poverty Reduction Support Loan II
 (PRSL II).
 LOAN NUMBER : 2100150012443
 BORROWER : Government of the United Republic of
 Tanzania
 EXECUTING AGENCY : Ministry of Finance and Economic
 Affairs
 DATE OF PREPARATION : 03-26 October 2005
 DATE OF APPRAISAL : 17 February – 03 March 2006
 DATE OF BOARD APPROVAL: 28 June 2006
 DATE OF LOAN SIGNATURE: 31 August 2006
 LOAN ENTRY INTO FORCE: June 2007
 DATE OF LOAN EFFECTIVENESS: June 2007
 COMPLETION DATE : 31 December 2007
 (Implementation)
 DATE OF LOAN DISBURSEMENT: 29 June 2007
 DATE OF FINAL DISBURSEMENT: 31 December 2007
 TOTAL PROJECT COSTS
 (External Financing Requirements) : UA 435.8 million
 FINANCING PLAN : ADF (UA 50.0 million); IDA
 (UA 138.3 million); DfID (UA
 108.4 million); European Union
 (UA 33.2 million) ; Netherlands
 (UA 8.4 million) ; Sweden (UA
 26.9 million) ; Norway (UA16.9
 million) ; Canada (UA14.2
 million) Denmark (UA10.1
 million) ; Ireland (UA8.7
 million) ; (Switzerland (UA3.2
 million) ; KfW (UA 6.7 million) ;
 Japan (UA3.2 million) ; Finland
 (UA7.1 million).
 LOAN AMOUNT : UA 50.00 million
 PROGRESS REPORTS :
 SUPERVISION :
 (No. and dates of ADF
 supervision missions)

BASIC PROJECT DATA

1	Loan Number	2100150012443
2	Borrower	Government of the United Republic of Tanzania
3	Guarantor	Government of the United Republic of Tanzania
4	Beneficiary	Government of the United Republic of Tanzania
5	Executing Agency	Ministry of Finance and Economic Affairs

A. LOAN:

		APPRAISAL ESTIMATE	ACTUAL
1	Amount in UA Million	UA 50.00 Million	UA 50.00 million
2	Interest rate	1% and 3%	1% and 3%
3	Payment period	50 years	50 years
4	Grace period	10 years	10 years
5	Loan Negotiation Date	Not indicated in SAR	07-08 June 2006
6	Loan Approval Date	June 2006	28 June 2006
7	Loan Signature Date	Not indicated in SAR	31 August 2006
8	Date of Entry into Force	September 2006	June 2007

B. PROJECT DATA

	Project Cost and Financing	Appraisal Estimate	Actual
		FC	FC
1	Total Cost (External Financing Gap)	UA 513.98 million	TZS 874.7 billion
2	Financing Plan (GBS)	UA 435.8 million	TZS 741.7 billion
	ADF	UA 50.00 million	TZS 85.1 billion
	IDA	UA 138.8 million	TZS 236.2 billion
	DfID	UA 108.4 million	TZS 184.5 billion
	European Union	UA 33.2 million	TZS 56.5 billion
	Netherlands	UA 8.4 million	TZS 14.3 billion
	Sweden	UA 26.9 million	TZS 46.3 billion
	Norway	UA 16.9 million	TZS 29.3 billion
	Canada	UA 14.2 million	TZS 22.2 billion
	Denmark	UA 10.1 million	TZS 17.2 billion
	Ireland	UA 8.7 million	TZS 15.3 billion
	Switzerland	UA 3.2 million	TZS 5.5 billion
	KfW	UA 6.7 million	TZS 11.5 billion
	Japan	UA 3.2 million	TZS 5.5 billion
	Finland	UA 7.1 million	TZS 12.3 billion
3	Effective Date of disbursement	September 2006	June 2007
4	Commencement of Project Implementation Activities	June 2006	June 2006
5	Date of Completion of Project Implementation Activities	31 December 2007	31 December 2007

C. PERFORMANCE INDICATORS

1.	Cost overrun/underrun	N/A as it was GBS
2.	Time overruns: <ul style="list-style-type: none"> • Slippage on Effectiveness • Slippage on Completion Date • Slippage on Last Disbursement Date • Number of Extensions of last disbursement 	9 months slippage None None None
3.	Project implementation status	Operation completed
4.	List of verifiable indicators and levels of achievement (expressed as a % of planned levels): (see MPDE Matrix on following section)	
5.	Institutional performance	Satisfactory
6.	Contractors performance	N/A
7.	Consultant performance	N/A
8.	ERR = at appraisal	Not done

D. BANK MISSIONS

Mission Type	Date	No. of persons	Composition	Person days
Identification	03 – 26 October 2005			
Preparation	03 – 26 October 2005			
Appraisal	17 February – 03 March 2006			
Project Launching				
Financial and General Loan Administration				
Country Portfolio Review				
Supervision	29 October – 2 November 2007	4	1 Res Rep; 2 Macroeconomists 1 Socioeconomist	
Mid-term Review				
Audit Mission				
Supervision (PCR)	09 June – 09 July 2008	1	Consultant	

E. DISBURSEMENT (UA MILLION)

	Appraisal Estimate	Actual	Percentage Disbursed
Total Disbursed (UA million)	50.00 million	50.00 million ¹	100%
Amount Cancelled (UA million)	0.00	0.00 ²	100%
Unused balance (UA million)	0.00	0.00	100%
Yearly Disbursement (UA million)	n/a	n/a	n/a

F. CONTRACTORS/SUPPLIERS

Name	Contract	Date Contract Signed	Status of Contract Completion	Amount
None	n/a	n/a	n/a	n/a

G. CONSULTANTS

Name	Contract	Date Contract Signed	Status of Contract Completion	Amount
None	n/a	n/a	n/a	n/a

¹ The amount was reduced (from appraisal estimates) because of the commitment capacity under ADF VII

² This amount arose out of exchange rate fluctuations

General Budget Support Performance Assessment Framework

N O	Subject	Main Process	Underlying Processes	Temporary Process Actions	Outcome Indicators	Indicator Values		
						Baseline (2005) and Target (2010) Values	Actual Appraisal Period Values	Actual PCR Review Period Values
1	NSGRP implementation : Cluster 1 - Growth and reduction of income poverty	NSGRP review	<p>i. Development of and dialogue on implementation of a growth strategy.</p> <p><u>To be developed</u></p> <p>ii. Infrastructure Review, encompassing Roads, Energy, Communication, and Transport sector in 2005/06.</p> <p>iii. Agricultural Sector Review in 2005/06.</p> <p>iv. BEST Programme Review</p> <p>v. Second Generation Financial Sector Reforms Programme Review</p> <p><u>In Place</u></p> <p>vi. Per Macro Group</p> <p>vii. Privatisation Review</p> <p>Tax Modernisation Programme (TMP) Review (to be replaced by a comprehensive NSGRP Cluster Review when developed.</p>	<ul style="list-style-type: none"> Put in place the agreed sector review processes, ensuring alignment of the next PRBS annual review in October 2006 Government amendments to the Civil Procedure Code (CPC) by October, 2006. Private sector views considered prior to second reading of the Business Activities Registration (BAR) Bill and the Regulatory Licensing Regime reformed Draft Roads Act to be submitted to the Parliament by October 2006. Draft Electricity Act to Parliament by October 2006 EWURA (Energy, Water, and utility Regulatory Authority) and SUMATRA (Surface & Marine Transport Regulatory Authority) fully operational and staffed Amendment of Legislation for at least two crops Boards by November 2006. Survey of individual farms 11,693 and issue of CCROs Production and distribution of the Strategic Plan for the Implementation of Land Laws (SPILLs) <p>Special studies on SGR, Input Trust Fund and Input subsidies conducted with Government position on their recommendations</p>	<p>Increase in credit extended to private sector as % of GDP</p> <p>Enabling environment for private sector lead growth improved</p> <p>Reduction of Income Poverty in Rural Population (measured by Annual Agriculture. GDP growth).</p> <p>Improve rural market access.</p> <p>Increase capacity of LGAs to support agricultural development</p>	<p>3. Volume of credit to the private sector to increase by 1% of the GDP per annum.</p> <p>4. Tanzania steadily moves up the World Bank "Doing Business" ranking.</p> <p>(iii) Baseline: 5.4% Target: 10.0%</p> <p>(iv) Rehabilitate 15,000 km of rural roads by 2010 from 4,500 km in 2003</p>	<p>(i) 7.9% of the GDP in 2004</p> <p>(ii) Tanzania ranked 140 in 2005</p> <p>(iv) 8,500 kms of rural roads rehabilitated in 2004</p>	<p>42.53%³ increase from Sh 1,425,062 mill. in 2005 to Sh 2,027,196 million in 2006.</p> <p>Ranked 132 in 2007.</p> <p>4.1% in 2007. Assessed to be at risk</p>

³ This is against the indicator target (2010) annual increase of 30% [page 183 of the GBS 2007 AR Report].

General Budget Support Performance Assessment Framework

N O	Subject	Main Process	Underlying Processes	Temporary Process Actions	Outcome Indicators	Indicator Values		
						Baseline (2005) and Target (2010) Values	Actual Appraisal Period Values	Actual PCR Review Period Values
2	NSGRP implementation: Cluster 2 - Improvements of quality of Life and Social well being	Is there improved quality of life? Is service delivery improving?	A comprehensive NSGRP Cluster Review when developed					
			Implementation of the National Environment Management Act, 2004	Publication of the first State of the Environment Report.	To be identified from the State of the Environment Report.			
				Action Plan for developing a National Social Protection Strategy adopted.	To be identified from the Action Plan.			
			Health Sector Review		Proportion of children that receive three doses of vaccine against diphtheria, pertussis (whooping cough), tetanus, and Hepatitis B under two (2) years.	Baseline: 71% Target: 90%	71%	87%
			NMSF Bi-Annual Review		National HIV prevalence ^{4[2]} in the 15 – 24 years age group.	Baseline: 7.5% Target: 6.0%	7.5%	4% in 2006 (THS survey for 2003/04). For 2007 yet TBD

^{4[2]} Target to be reviewed to take into account the effect of ARVs.

General Budget Support Performance Assessment Framework

N O	Subject	Main Process	Underlying Processes	Temporary Process Actions	Outcome Indicators	Indicator Values		
						Baseline (2005) and Target (2010) Values	Actual Appraisal Period Values	Actual PCR Review Period Values
		NSGRP review	Education Sector Review		Net primary school enrolment Transition rate from standard VII to Form I Gross Tertiary Education enrollment	NER Primary Average 94.8% Boys 95.6% Girls 93.9% Target 99% Transition Rates: Average 36.1% Boys 36.6% Girls 35.6% Target 50% GER Tertiary Education: Baseline: 0.5% Target: 10% GER Higher Education Baseline: 0.27% Target: 6%	94.8% 36.1% 0.5% 0.27%	97.3% average. 97.6% for boys 67.5% for girls 67.5% average 69.8% for boys 65.2% for girls 1.26%
		NSGRP review	Water Sector Review	Satisfactory joint water sector review held in first quarter FY 2006/07 (i) Revised Water Sector Legislations presented to the parliament by April 2006 (ii) The National Water Sector Development Strategy presented to the Cabinet by end of February 2006	Percentage of the population that has access to clean and safe water from a piped or protected source.	Baseline: Rural 53.5% Urban 73.0% Targets 2010 Rural 65% Urban 90%	Rural 53.5% Urban 73.0%	55.7% 78%
3	NSGRP implementation Cluster 3 - Governance and accountability	NSGRP review	GoT - DPs and other stakeholders' consultations on governance. NACSAP (II) <i>PSRP Review</i>	(i) Revised anti Corruption Legislation presented to Parliament by November 2006 Develop review mechanism for NACSAP (II)	Quarterly NACSAP Implementation Report published and discussed. Current pay as a proportion of government's pay target (PSRP).	Baseline: 4 reports Target: 4 reports Baseline: 86% Target: 100%	4 Reports 86%	2 reports

General Budget Support Performance Assessment Framework

N O	Subject	Main Process	Underlying Processes	Temporary Process Actions	Outcome Indicators	Indicator Values		
						Baseline (2005) and Target (2010) Values	Actual Appraisal Period Values	Actual PCR Review Period Values
			LSRP review LGRP review		Quarterly NACSAP Implementation Report published and discussed. Current pay as a proportion of government's pay target (PSRP). Percentage of Court cases outstanding for 2 years or more. Number of strategic plans of central and sector ministries containing a strategic objective to implement decentralization by devolution.	Baseline: 4 reports Target: 4 reports Baseline: 86% Target: 100% Baseline: 70% Target: 40% Baseline 2005: One (PO-RALG) Target 2010: All	4 Reports 86% 70%	107% 46.7%
4	Resource allocation and budget consistency	PER MACRO Poverty Monitoring System	Budget Guidelines. Fiscal reports (BER, QDR) PEFAR review Annual MKUKUTA Progress Report		Approved budget broadly in line with policy objectives (NSGRP, sector policies); Expenditure outturn consistent with approved budget.	Recurrent budget deviation reduced: Baseline: 18% Target: 10%	18%	Achieved for 2006
5	Public Financial Management	Single PFM review instrument	PEFAR review which will need to look at (ii) annual procurement audit PFMRP JSC consultations	(i) Audit Reform priorities to be reflected fully in PFMRP - see attached table. (ii) PWC contracted to establish system for monitoring and checking compliance, start November, will end around March 2006	(i) NAO Audit Report is of international standard by 2010 and released within 9 months as required by the Public Finance Act 2001. (ii) Number of procuring entities complying with the Public Procurement Act 2004	2005: NAO starting to introduce INTOSAI and ISA international standards regarding formats, procedures and reports. 2010: NAO fully compliant with international standards. Baseline: 10% Target: 80%	10%	58.6% in 2007. Released in time in 2006 39%

N C	Subject	Main Process	Underlying Processes	Temporary Process Actions	Outcome Indicators	Indicator Values		
						Baseline (2005) and Target (2010) Values	Actual Appraisal Period Values	Actual PCR Review Period Values
6	Macroeconomic stability.	PER MACRO	Budget Guidelines. Fiscal reports (BER, QDR) PRGF PEFAR review		Fiscal and monetary stability, reflected by: (i) Fiscal Deficit (after grants) as % of GDP consistent with PRGF targets. (ii) Inflation rate consistent with PRGF targets.	Baseline: 6% Target: per PRGF	6%	5.3%
						Baseline: 4.5% Target: per PRGF	4.5%	7.0% in 2007 (Budget speech June 2008)

1. INTRODUCTION

1.1 Tanzania embarked on a programme of macroeconomic reforms in the early 1990s and these led to strong macroeconomic performance. During 2001-2005, the country achieved an average annual real GDP growth rate of 6.2% compared to 4.2% during 1996-2000. However, the level of per capita income in 2005 was estimated to be US \$ 337, far below the average of US \$ 576 for Sub-Saharan Africa. About 36% of the population was estimated to live below the poverty line. In order to reverse this situation, Tanzania prepared its PRS (Poverty Reduction Strategy) with the support of the international donor community and launched it in 2000. This was followed by a second PRS, the National Strategy for Growth and Reduction of Poverty (NSGRP), popularly known by its Swahili acronym MKUKUTA⁵. The strategy outlines the Government's medium-term development agenda and includes three major clusters of poverty reduction outcomes, namely: (i) promotion of growth and reduction of income poverty; (ii) improvement of quality of life and social well-being, and (iii) improvement of good governance.

1.2 The PRSL II funds from the Bank were disbursed late. However implementation of the program was sustained through continued policy dialogue between the Bank and the Government on the measures that were holding up the release of the funds (conditionalities). Resources from other donors did continue to flow however, which allowed for the continuation of program elements linked to these allocations. The guidelines used in the analysis of performance reflected the agreement that had been reached by the Government on the one side and the development partners on the other, regarding assessment of budget performance vis-à-vis financial support given by the DPs over time. The two sides agreed that the annual general budget support reviews will be the basis of determining progress of implementation of the budget support operation.

1.3 Analysis of performance of this program indicates that there were positive results in most areas covered by PRSL II. One of the key outcomes of the PRS over the period 1996-2006 is that real GDP averaged 5 percent. Per capita GDP growth rate averaged about 2¾ percent during 2000-05. Tanzania was ranked 159th out of 177 countries in the Human Development Index. The 2007 GBS Annual Review report notes that most indicators overall for the period 2006/07 recorded positive progress. Real GDP growth of 6.2 percent is noted for 2006 against a target of 6-8 percent growth per annum. It also includes, in the positive areas, growth of exports of goods and services (6.4 percent), food self sufficiency (112 percent against a MKUKUTA target of 119 percent in 2010), and domestic revenue collection (18.1 percent of GDP compared to 14.3 percent in 2005/06). Growth in agriculture declined however from 5.1 percent in 2005 to 4.1 percent in 2006 due to drought.

1.4 The GBS Annual Review Report does not contain statistical data from which one could make independent evaluation of some of the achievements reported. For instance, in the health sector annual indicators are hardly obtained and therefore it is the periodic data which is relied upon. Funding in the health sector amounted to 10.5% of the total government expenditure in FY2007/08 which represented a

⁵ *Mkakati wa Kukuza Uchumi na Kupunguza Umaskini Tanzania*

regaining of health sector share back to the levels of FY2003/04. However, this share remained far below the 15% Abuja target which was agreed by the AU Heads of State. For the transport sector, there was no assessment made in the review report. However, funding of maintenance increased by 150%, from TZS 85,517 million in 2006/07 to TZS 217,474 million in 2007/08. This was a significant achievement. Outcome indicators on roads show that progress was “on track”. The trunk (national) and regional roads network in good and fair condition amounted to 42% of the roads in 2007 compared to 47% in 2005 and over 75% for the target year 2010, while those in “fair” condition amounted to 37% in 2007 compared to 35% in 2005 and over 20% for the target year 2010.

1.5 The African Development Bank Group has been active in Tanzania since 1971. To-date it has provided policy-based loans amounting to UA 269.98 million in support of economic reforms. This has included direct budget support operations which were given in conjunction with other donors. Two such operations have been approved to date, PRSL I amounted to UA 50 million and targeted: (a) the promotion of an enabling environment for private sector development; (b) the development of microfinance and; (c) strengthening of public financial management. PRSL II amounted to UA 50 million, and targeted the (i) Infrastructure sector; (ii) the private sector and; (iii) the water sector. Initially, the Bank Group provided support in the form of sector adjustment loans, and then shifted to multi-sectoral structural adjustment loans, and only recently, to provision of direct budget support. The sector adjustment operations comprise the Sector Rehabilitation Loan (UA 28.55 million), the Industrial Rehabilitation and Trade Adjustment Loan (UA 27.63 million), and the Financial Sector Adjustment Loan (UA 27.63 million). These were followed by two Structural Adjustment Loans, SAL I and SAL II, which provided UA 45 million and UA 40 million respectively. In addition, the Bank has a substantial number of project loans in Tanzania. As a whole, the Bank Group operations in Tanzania now are concentrated in policy-based (multi-sectoral) operations accounting for 29% of total, followed by the transport sector with 21% of total, and agriculture (20% of total), public utilities (20%), social sector (8%) and industry and finance (2%). Details of the operations are given in annex 5.

1.6 It is against this background that the Government requested the Bank Group to channel its policy based loan under ADF X through the GBS mechanism. The first of such loans was approved in 2004 and was successfully implemented as PRSL I. It was followed by PRSL II which was approved in 2006, and is the subject of this PCR.

2. PROGRAM OBJECTIVES AND FORMULATION

2.1 Overall Objectives

The principal objective of the PRSL II was to enhance smooth implementation of the National Strategy for Growth and Reduction of Poverty (NSGRP/MKUKUTA) whose ultimate aim is to reduce the incidence of poverty. The implementation of MKUKUTA is intended to be a vehicle for the achievement of Tanzania’s Millennium Development Goals (MDGs). The loan was to provide budgetary support to Tanzania for the implementation of the reform agenda outlined in the Government’s Letter of Development Policy dated 12th May 2006. It was to create synergy with the other donors’ support by concentrating on the areas that had

been financed by ADF under its PRSL I that focused on measures relevant to the Bank's vision and the ADF lending policy in the specific areas concerned.

2.2 Program Description

2.2.1 The ADF budget support operation was anchored on the PAF matrix that had been adopted by the GBS Group. There were six thematic groups, of which three were for the main MKUKUTA clusters and the other three related to macroeconomic stability, budget formulation and public financial management. For the MKUKUTA Clusters (section 1, 2 and 3 in the PAF), the main underlying process was the MKUKUTA review. In this regard, it was agreed between the development partners and government that sector reviews were to be the main source of information on Government's performance in the clusters. The sector reviews would be deemed as satisfactory if: (i) they are conducted regularly as inputs to the budget preparation process and in line with the MKUKUTA Monitoring Plan; (ii) the processes involve a wide range of stakeholders under the leadership of the Government; (iii) their main purpose is to establish relevant developments, and assess performance against agreed results and targets; (iv) information and analysis for the Annual Review will be drawn primarily from the MKUKUTA monitoring system in particular the MKUKUTA Annual Implementation Report and other reviews process outlined in the PAF; and (v) they show good progress against agreed targets and results. During the 2005 Annual Review, there was agreement on the need for reviews in Water, Health, Infrastructure, Education and Agriculture.

2.2.2 In view of the above considerations it was agreed that the PRSL II would focus on Clusters I and II of the MKUKUTA. Cluster I: enhancing growth and reducing income poverty, and, Cluster II: improvement of quality of life and social well-being. Within the first cluster, the emphasis would mainly be on the promotion of an enabling environment for private sector development, while within the second cluster, it would mainly be on enhancing access to water supply. In selecting these areas, the considerations that were taken into account to include the proposed lending programme to Tanzania under ADF X and the need for selectivity in order to identify the critical triggers to be used as conditions for tranche release. The other considerations included the need to deepen the reform agenda in key policy areas including those that were covered under the PRSL I, as well as the need to focus on the overall progress in implementation of actions under the PAF.

2.2.3 While PRSL II was to focus on only two clusters of MKUKUTA, these clusters had a total of 11 sectors/areas and 19 process actions for examination and follow up. The sectors included were: energy, communications, transport, water supply, private sector, financial sector, health sector, education sector, macroeconomic management, fiscal management, etc. The large number of sectors covered, was not reflective of the available resources under PRSL II, suggesting that more selectivity should have been used, and more complementarity exerted with ongoing government and development partner financed operations.

2.2.4 The areas of focus of the other DPs are given in the Box below.

Box: Areas of Focus by Other Direct Budget Support Donors

World Bank: The World Bank's PRSC 4 of US \$ 200 million was approved by the Board on 9 May 2006. The credit will be disbursed in a single tranche, upon its effectiveness anticipated in July 2006. It is the first in a series of five annual operations supporting the implementation of Tanzania's National Strategy for Growth and Reduction of Poverty. It covers six focus areas namely the three clusters of the NSGRP (i.e. growth and reduction of income poverty, improvement in the quality of life and social well-being, and governance and accountability, macroeconomic stability, resource allocation and budget consistency, and public financial management. The following are the triggers for PRSC 4:

- (i) Progress in the implementation of the Action Plan for the Rationalisation of Roles, Functions, Financing and Accountability of Crop Boards, consistent with the Agriculture Sector Development Strategy (ASDS).
- (ii) Progress in the implementation of the strategic plan for operationalising the Land Act and the Village Land Act.
- (iii) Draft Bill on Business Activities Registration submitted to Parliament.
- (iv) Organisation structure of PPRA approved and additional budgetary resources allocated to PPRA.
- (v) Pay enhancement consistent with the approved budget for FY 06, and the overall thrust of the pay reform.
- (vi) Satisfactory health sector review.

European Commission: The EC is currently the only agency that bases its budget support on a graduated response mechanism, using fixed and variable tranches. Budget support during FY 2006/07 comprises a fixed tranche of €29 million and a variable tranche of up to €10.5 million. Under the fixed tranche, disbursements are based on reaching overall satisfactory progress in PAF implementation while the variable tranche is based specifically on achievement of a satisfactory review in the education sector.

PRBS Bilateral Donors: Bilateral donors base their disbursements on overall satisfactory progress in PAF implementation (which captures overall satisfactory implementation of the PRS, including macroeconomic performance) and do not focus on specific actions in the PAF.

Risks

2.2.5 While the PRSL II was designed to help the Government implement its PRS certain potential risks to implementation were identified at the time of appraisal. First, the utilisation of resources that was availed by PRSL II was determined by the domestic budget process with the possibility that resource allocation could be influenced by other considerations not related to the PRS objectives. A second risk related to the country's vulnerability to disasters that could divert the focus on poverty reduction. Thirdly, it was recognised that there was a risk arising from capacity and institutional constraints. To mitigate these risks, the Government strengthened the role of domestic stakeholders in budget formulation and budget review. With regard to disasters, it was recognised that while they are beyond the control of the Government, there was a firm commitment to mitigate their negative impact, demonstrated by enactment of the Disaster Relief Coordination Act in 1990, which established a mechanism for disaster management in the country. Furthermore, concerning capacity and institutional constraints, it was observed that there is an ongoing Public Service Reform Programme which is focusing on reforms that mitigate the risk of capacity and institutional constraints.

Enabling Environment for Private Sector Development

2.2.6 One of the measures that the Government has undertaken to promote private sector development is the establishment of the Business Environment Strengthening for Tanzania (BEST) programme. The BEST programme comprises five components representing the critical areas for immediate reform and support if the Government is to be successful in establishing a conducive regulatory environment for business. It was envisaged that a review of the BEST will be undertaken and a satisfactory review would be one of the conditions for the release of the loan. It was to target specifically the regulatory licensing regime for which BRU was working on and its draft report detailing expected reforms in the regulatory licensing regime was to be ready by June 2006. The submission of the draft report was also one of the conditions for release of the loan.

Enhancing Access to Water Supply

2.2.7 The Government has recognized in the MKUKUTA the central role of social service sectors in improving the quality of life and social well-being. While acknowledging that efforts have been made to increase expenditure on pro-poor social services, it is noted that the intended levels of resources have not been fully realised. There is an urgent need, therefore, to increase funding to the social service sectors. The strategy puts emphasis on the desired outcomes that can effectively reduce vulnerability. Greater attention will be paid to equity and quality issues in the delivery of social services. The disparities between the rich and poor, cross-age groups and between urban and rural citizens in terms of access to and use of social services will be minimised. To this end, the PAF contains various key actions aimed at addressing these issues. One of such actions is the holding of dialogue among stake holders in the water sector. The Annual Water Experts Conference and “Maji Week⁶” was to hold a joint water sector review as one of the conditions for the release of the ADF loan.

2.2.8 However, before the joint water sector review, there would be a number of process actions, in particular the approval of the legislative framework for the sector and the approval of the National Water Sector Development Strategy (NWSDS). A draft of the strategy was finalised in February 2005. The strategy provides the roadmap and defines implementation arrangements for the National Water Policy and other national strategies. The draft has gone through a series of discussions involving major stakeholders and has been endorsed by the Ministry of Water. The next step entailed presenting the strategy (the National Water Sector Development Strategy) to the Cabinet by April 2006 and presenting to Parliament the Revised Water Sector Legislations. These two presentations were agreed to be included among conditions for the release of the ADF funds.

2.3 Preparation, Appraisal, Negotiation and Approval

2.3.1 The PRSL II was the fourth ADF policy-based operation in support of economic reforms in Tanzania. ADF appraisal mission took place in February 2006. The appraisal was aided by a PCR which had been prepared for the preceding PRSL.

⁶ An officially designated week in the year during which issues of water and sanitation are deliberated nationally

2.3.2 Loan negotiations were held on 7 and 8th June 2006 at the Bank's Temporary Headquarters in Tunis. There were no serious issues that emerged during the negotiations. However, it was noted at the negotiation that legislation concerning a water bill that was expected to be presented to the April 2006 parliamentary session, as had been agreed during appraisal, was delayed and shifted to the October 2006 session. The reason for this being the delays in the preparation of the National Water strategy that had to precede the legislation. On the other hand, but in the same sector, the Government moved faster on the appointment of the Director-General of EWURA and members of the Board. This was done before loan negotiation, instead of being done after loan approval as had been agreed at the appraisal time. These changes had the effect of changing some of the draft loan conditions that had been proposed in the appraisal report.

2.3.3 The loan was approved by the Board on 28th June 2006, making the funds available for use in the following financial year (July 2006 – June 2007).

3. PROGRAM IMPLEMENTATION

3.1 Effectiveness and Start-Up

3.1.1 The PRSL II became effective in June 2007. This was nine months later from the date envisaged at the appraisal stage. However, in terms of the financial year, the timing was within the timeframe that the budget support resources from donors had been programmed. These resources had been programmed as domestic resources to cover Tanzania's Financing Requirements during FY2005/06 - FY 2006/07. In practice, it resulted in the funds being disbursed on the last day of the financial year, which meant that the funds were in fact used over the next fiscal year (FY2007/08). It is noted here that whereas the appraisal report had warned of possible implementation delays due to conditionalities that could delay flow of resources (para 5.2.8), the situation was unavoidable as fulfilment of conditions could not be done on time as envisaged.

3.1.2 A special account was opened with the Bank of Tanzania to which all PRSL resources of UA50.00 million was disbursed in one tranche. The entire loan was subject to the ten conditions shown in the Table 1 below. Three of such conditions were only partially fulfilled and therefore had to be waived to permit the funds to be disbursed within the program time frame. The justification for the waiver was that fulfilment was delayed because of the change of government in late 2005 that resulted in restructuring some of the ministries which were directly concerned with actions relating to MKUKUTA implementation.

Table 1: Conditions Precedent to Entry into Force and Release of the Single Tranche of the Loan

The Borrower shall have, to the satisfaction of the Fund, undertaken the following reviews and fulfilled the following conditions:	
Loan Condition	Action Taken
1. Opened a Special Account with the Bank of Tanzania into which the proceeds of the loan shall be deposited (Paragraph 6.4.1).	Condition was fully met
2. Achieved an overall satisfactory assessment in the implementation of the Performance Assessment	Condition was fully met

Framework (PAF) as determined by the Joint Government of Tanzania and General Budget Support donors' annual review in 2006 (Paragraph 6.2.7).	
3. Undertaken a review in 2006 of the Infrastructure Sector, encompassing roads, communications and transport (Paragraph 6.2.11).	This condition was not fulfilled but was recommended for waiver due to progress made on the issues concerned. The required infrastructure review (encompassing roads, communication, energy and transport) was not conducted as planned in 2005/06 due to the restructuring of the Ministries concerned following the General Elections that were held in December 2005. A new Ministry of Infrastructure Development was established after the elections and two separate reviews on energy and infrastructure were then planned instead of a single review covering numerous sectors. The Bank noted that although the specific review of infrastructure was not undertaken, there was continued progress in sector dialogue and the existence of the Transport Sector Investments Program (TSIP) provided a good basis for an infrastructure review. This satisfied the Bank to approve a waiver of the original condition.
4. Submitted a bill for the "Roads Act" to Parliament, (Paragraph 6.2.14).	Condition was fully met
5. Appointed the Director General and members of the Board of Directors of the Energy, Water, and Utilities Regulatory Authority (EWURA); (Paragraph 6.2.17).	Condition was fully met
6. Undertaken a review of the Business Environment Strengthening for Tanzania Programme (BEST), (Paragraph 6.2.20).	Condition was fully met
7. Submitted a detailed draft report on the ongoing reforms of the Regulatory Licensing Regime (Paragraph 6.2.23).	Condition was fully met
8. Conditions Precedent to Entry into Force and Release of the Single Tranche of the Loan Undertaken a review of the Water Sector (Paragraph 6.2.27).	Condition was fully met
9. Submitted the revised water sector legislation, currently titled the Water Resources Bill and the Urban Water Supply and Sewerage Bill and the Rural Water Supply and Sanitation Bill to Parliament, (Paragraph 6.2.31).	The presentation of a revised water sector legislation to Parliament was not undertaken as planned in 2005/06 because the Ministry responsible for the draft legislation was also restructured as in the case the infrastructure ministry. Furthermore, the legislation in the draft form was required to await finalisation and approval of the Water Sector Development Strategy by Parliament before the legislation could be submitted to Parliament. This satisfied the Bank to wait the condition.
10. Submitted the National Water Sector Development Strategy to Cabinet.	The Water Sector Development Strategy, on which the legislation is to be based, although submitted to the Inter-Ministerial Committee, was not vetted by the Cabinet as scheduled in October 2006. Furthermore, the submission of the strategy document to Cabinet was subject to issues pertaining to the institutional set-up of those bodies responsible for the water sector, which were affected by the Ministerial restructuring. The submission of the strategy document had therefore to await agreement on the institutional set-up for the water sector. These issues could not have been foreseen at appraisal and thus the Bank agreed to waive the respective conditions.

3.2 Implementation Schedule

3.2.1 The loan was to be released in a single tranche in December 2006 for quick disbursement, but in effect was disbursed in June 2007, a slippage of 6 months. The explanation as given in the previous section, is that the Government could not fulfil on time three of the agreed conditions for which a waiver had to be sought from the Bank. The delays were bureaucratic, caused by changes in ministerial set-up following the change of political regimes. While the disbursement was done within the financial year, it came almost at the very end of the fiscal year.

3.2.2 However, on the whole, the implementation schedule as set out in the appraisal report was adhered to and many of the actions agreed in the MKUKUTA were generally taken up. The changes which presented themselves before negotiation, were revealed to the Bank at the time of loan negotiations. Table 2 presents the implementation schedule of PRSL II showing benchmarks against actual timing.

Table 2 : Implementation Schedule

Activity	Time frame at appraisal	Actual recorded time	Comments
Board Approval	June 2006	28 June 2006	No slippage
Loan effectiveness	September 2006	June 2007	9 months slippage
Release of Loan	December 2006	29 June 2007	6 months slippage
Supervision/Mid-term review mission	October 2006	October 2006 and October 2007	No slippage
Fulfilment of Loan Conditions	December 2006	June 2007	6 months slippage
Completion Date (Loan)	December 2007	No revision	No revision
Audit of the special account	Timing of audit not specified in SAR	Annual audited accounts as at 30/06/2006 have been submitted.	Audit of public accounts are submitted to Parliament and donors.
Borrower's Project completion report	Not indicated in SAR	The GBS AR Report was accepted as a Borrower's PCR	The format of the GBS AR Report differs from the Bank's PCR format and therefore some issues were not covered.
Bank's Project completion report	June 2008	June 2008	No slippage
Loan Closing Date	31 December 2007 (in loan agreement)	No revision	Not revised

3.3 Monitoring, Evaluation and Audit

3.3.1 Monitoring and evaluation of Budget Support by GOT and donors has become an elaborate process for which the Bank needs to articulate its own process which is different from the existing process used for normal PBL operations. During the appraisal of the project it was agreed that, since this was a policy based budget support loan, the implementing agency for the project would be the Ministry of Finance given its established structure mechanism of monitoring, evaluation and audit. The Bank monitored the progress through its participation in the joint reviews of the PRBS/PSAC/PRSL which were held jointly with the DPs.

3.3.2 The Public Expenditure Review (PER) Consultative Meetings and the Poverty Reduction Budget Support Facility (PRBS) – which includes an elaborate Mid-Term Review, have become the key processes through which donors and other stakeholders engage dialogue and monitor Government's policy performance and expenditure allocations to key PRSP priority sectors. The Bank participated in all the reviews, and its engagement through policy dialogue has been strengthened by the presence of the Field Office.

3.4 Financing Sources and Disbursement

3.4.1 The Government's expenditure needs for 2006/07 were estimated at TZS 4,401 billion. To finance this expenditure, the Government was to utilise its own resources amounting to TZS 2,357 billion and external grants worth TZS 1,212 billion (which include TZS 91 billion from HIPC debt relief and TZS 420 billion from grants in the form of direct budget support). To finance the deficit, the Government was to

borrow external loans amounting to TZS 699 billion (of which TZS 321 billion was to be in the form of direct budget support). The remaining gap of TZS 133 billion was to be financed through domestic borrowing.

3.4.2 The direct budget support in FY 2006/07 was contributed by both multilateral and bilateral donors as indicated in Table 3. Multilateral donors comprising the World Bank, the African Development Bank and the European Union contributed UA 222.0 million (TZS 377.8 billion) or 50.9% of the total while bilateral donors contributed UA 213.8 million (TZS 3,638 billion) or 49.1%. The ADB loan was to be disbursed in one single tranche given that all the conditions were frontloaded and the size of the loan amount was relatively small.

Table 3 : Direct Budget Support Contributions

Source	Amount		Share (%)
	UA million	TZS billion	
IDA (Loan)	138.8	236.2	31.8
ADF (Loan)	50.0	85.1	11.5
EU (Grant)	33.2	56.5	7.6
Bilateral Donors (Grants)	213.8	363.8	49.1
Total	435.8	741.7	100.0

Source: URT, Ministry of Finance

4. PROGRAM PERFORMANCE

4.1 Overall Progress

4.1.1 Against a background of mixed results, the program is assessed overall as *satisfactory*. The GBS Annual Review Report does not contain statistical data from which one could make independent evaluation of the achievements made. However, the 2007 GBS Annual Review report notes that most indicators overall for the period 2006/07 recorded positive progress. Real GDP growth of 6.2% is noted for 2006 against a target of 6-8 % growth per annum. It also includes, in the positive areas, growth of exports of goods and services (6.4%), food self sufficiency (112 percent against a MKUKUTA target of 119%), and domestic revenue collection (18.1 percent of GDP compared to 14.3% in 2005/06). Growth in agriculture declined however from 5.1% in 2005 to 4.1% in 2006 due to drought. Table 4 gives a summary of the PRSL objectives and reported achievements.

4.1.2 One of the key outcomes of the PRS over the period 1996-2006 which included the period of PRSL I support for FY2004/05 is that real GDP averaged 5%. Per capita GDP growth rate averaged about 2 % during 1996-2006, and nearly 2.75% during 2000-05. Its GDP per capita in 2005, the period of PRSL I support, was about US\$337. It was well below sub-Saharan Africa's average of US\$568. Tanzania was ranked 160th on the 2001 Human Development Index, below the average for sub-Saharan Africa. For 2005, it was ranked 159th out of 177 countries with data. For the health sector, funding amounted to 10.5% of the total government expenditure in FY2007/08 which represented a regaining of health sector share back to the levels of FY2003/04. However, this share remained far below the 15% Abuja target which was agreed by the AU Heads of State.

4.1.3 For the transport sector, there is no assessment made in the review report. However, funding of maintenance increased by 150%, from TZS 85,517 million in 2006/07 to TZS 217,474 million in 2007/08. This was a significant achievement. Outcome indicators on roads show that progress was “on track”. The trunk (national) and regional roads network in good and fair condition amounted to 42% of the roads in 2007 compared to 47% in 2005 and over 75% for the target year 2010, while those in “fair” condition amounted to 37% in 2007 compared to 35% in 2005 and over 20% for the target year 2010.

4.1.4 Development Partners note that the GBS process has become more complex and point to difficulties of reaching jointly agreed assessments in some Cluster Working Groups, which were related to the lack of clarity of the meaning of “satisfactory” and “fair-moving” assessments and their implications for GBS funding. While clarity on the assessment terminology is needed, it is acknowledged that these difficulties reflect a better engagement in dialogue on the substance of the issues and that the focus should be on the quality and content of dialogue rather than on ratings. In principle the differing views should be welcomed to the extent they focus dialogue constructively on the most important issues in each sector and lead to an agreement on next steps, on which progress can then be tracked over the next budget cycle. As regards the ADB, there is a need to use the dialogue to align the Government rating to those given in the Bank’s PCR Guideline. The government ratings of “fair-moving”, “delayed but good progress” etc are not consistent with those of the Bank, which are “highly satisfactory”, “satisfactory”, “unsatisfactory”, and “highly unsatisfactory”.

Table 4 : Tanzania PRSL II Objectives and Reported Achievements

HIERACHY OF OBJECTIVES	OBJECTIVE INDICATORS AND TIME FRAME	ACHIEVEMENTS
<u>Overall Objective</u> Contribute to poverty reduction	<p>Reduction in proportion of rural population (men and women) below the basic needs poverty line from 38.6% in 2000/01 to 24% in 2010</p> <p>Reduction in proportion of the urban population (men and women) below the basic needs poverty line from 25.8% in 2000/01 to 12.9% in 2010</p> <p>Reduction in unemployment rate from 12.9 % in 2000/01 to 6.9% by 2010</p>	<p>Data not available, but currently, about 87% of all poor people are estimated to live in rural areas.</p> <p>Data not available</p>
<u>Programme Objective</u> Support Government efforts to promote strong and sustainable growth during fiscal year 2006/07	<p>1. Real GDP growth rate of 7.2% in 2006 and 7.6% in 2007; and maintaining inflation rate at 4.0% during the period.</p> <p>2. (i) Increase in agricultural growth from 6.7% in 2004 to 7.5% by 2007 (ii) Increase in growth of manufacturing sector from 8.6% in 2004 to 11% by 2007</p> <p>3. (i) Increase in net enrolment of boys and girls, from 91% and 90 % respectively in 2004 to 94.5% in 2007 (ii) Reduction in child mortality from 112 in 2004 to 80 in 2007 per 1,000 live births (iii) Reduction in maternal mortality from 578 in 2004 to 373 in 2007 per 100,000</p>	<p>Real GDP growth rate was 7.1% in 2007 and inflation rate was 7.0%</p> <p>Agriculture growth rate declined to 4.1% in 2006. Data for 2007 not available.</p> <p>Enrolment reached 97.6% for boys and 97% for girls in 2007.</p> <p>Data not available.</p>

	(iv) Increase in proportion of rural population with access to clean and safe water from 42% in 2004 to 54% in 2007 4. An improvement in the corruption perception index from 2.9 in 2005 to 4.0 by 2010	Population with access to safe water: 55.7% (rural areas) and 78% (urban population) in 2007. Data not available
Activities/Inputs 1. Infrastructure review encompassing roads, communication and transport 2. Water sector review 3. BEST Programme Review	Rehabilitation of 9,000 km of rural roads by 2007 from 4,500 km in 2004 Increase in percentage of rural and urban population with access to safe water from 42% and 85% in 2004 to 54% and 90% by 2007 An improvement in the “Doing Business Index” from 140 in 2005 to 125 in 2007.	Data not available Population with access to safe water: 55.7% (rural areas) and 78% (urban population) in 2007. The index was 132 in 2007 SOURCE: GBS 2007 Annual Review Report.

4.2 Growth and Reduction of Income Poverty - Environment for Private Sector Development

4.2.1 Overall progress on the Enabling Environment for Private Sector Development component is deemed *satisfactory* in consonance with the GBS annual review report. The annual sector reviews in energy, infrastructure and agriculture and reviews of the Tax Modernization Programme, the Second Generation Financial Sector Reform Programme and the BEST programme, are satisfactory except for agriculture, where the sector review was delayed. Temporary process actions were mainly on track or achieved. Delays occurred but good progress was made on some actions in energy (submission of Electricity Act to Parliament; comprehensive tariff study), agriculture (amendment of crop boards legislations) and private sector development (implementation of the Business Activities Registration Act). Outcome indicators are on track except for the growth rate in agriculture, which was considered to be at risk, as it declined from 5.1 percent in 2005 to 4.1 percent in 2006 as a result of drought. Progress was noted against the commitments made on energy and infrastructure. Assessment of the enabling environment for private sector led growth as reflected in the World Bank’s “Doing Business” shows that progress was “on track”. Tanzania was ranked 132 in 2007, compared to 142 in 2006 and the MKUKUTA target ranking (in 2010) being 99.

4.2.2 Assessment of the percentage of the rural population who live within 2 km of an all-weather road showed a slight improvement. About 55% of rural roads were passable (in good and fair condition) in 2007 compared to 50% in 2005 and 75% for the target year 2010.

4.2.3 Regarding challenges and the way forward, the following areas were noted for corrective measures: (i) delayed conversion and buy out of IPTL; (ii) delayed approval of the Road Safety Policy / Strategy and (iii) mainstreaming of the Environment Management Act.

4.2.4 The key links from an improved private sector environment to poverty reduction is through growth and composition of private sector investment that generate both real GDP growth and employment. Ironically, Tanzania’s strong economic growth of recent years is not mirrored in substantial expansion of pro-poor

private sector investment and growth. There could also be a trend towards deepening inequality. Relative poverty rates confirm this. Between 1991 and 2001, the poverty rate declined by 10% points, to about 18% in the capital Dar es Salaam. It declined by only 2% points, to 39%, in the rural areas. Currently, 87% of all poor people live in rural areas. The weak links from investment and growth has dampened poverty reduction, and raises concerns about sustaining growth going forward. It must be noted that there has been significant improvements in non-income measures of poverty, especially in education and health.

4.3 Improvement of Quality of Life and Social Well-being: Enhancing Access to Water Supply

4.3.1 Under this category performance is rated as *satisfactory* in environment and HIV/AIDS, *fairly satisfactory* in education and health, and satisfactory in water. Only one out of five temporary process actions was achieved. Others were delayed but with good progress and reasonable justification for the delays. Outcome indicators are generally on track or achieved. Agreements have been reached between the Government and Development Partners in the respective sectors on how to improve the situation in the next year.

4.3.2 Key achievements relate to the implementation of EMA; sustained implementation of the Integrated Management of Childhood Illness approach including sustained high immunization coverage; good performance in primary and secondary school enrolment; completion of the revised National Multi-Sectoral Strategic Framework on HIV/AIDS for 2008-2012; adoption of a Water SWAP; and progress in developing a National Social Protection Framework.

4.3.3 On the education sector, it was noted that it is difficult to make judgments on outcomes, especially on the quality of education. In this regard, it was proposed to include an assessment of the quality and relevance of education in the PAF. There is also need to consider the completion rate, and to take relevant information on education indicators to rural areas.

4.3.4 On the water sector review, Development Partners were of the view that the overall assessment is satisfactory because the Government has established a good framework (in terms of a policy, strategy, and dialogue) in the last two years but performance on “increasing access to water” is still low. The outcome indicator assessment of the percentage of the population that has access to clean and safe water from piped or protected source is shown as “at risk”. This is despite the fact that for 2007 the indicator gives access at 55.7% for rural population and 78% for urban population, versus 53.7% and 74% respectively in 2005. The target 2010 figures are 65% (rural) and (90% (urban). The status of outcome indicators for 2007 is disputed because it does not reflect harmonized definitions and does not cover all regional centres. It covers values from only 19 regional centres and does not include Dar es Salaam. On water facilities it was noted that several facilities are not working. The Government aims at rehabilitating them. In this respect there is a need to increase funding for this sector to enable it achieve the target envisaged. The National Water Sector Development Strategy has already been submitted to the Cabinet. Draft Water Bills are in place but have to be aligned with the Strategy.

5. PROGRAM IMPACTS

5.1 Socio-Economic Impact

5.1.1 Real GDP growth rate picked up momentum during the MKUKUTA period (2004/05 and 2005/06) and reached 7.1% in 2007. According to the Bank of Tanzania, the economy is projected to grow at the rate of 7.8% during 2008 mainly driven by continued good weather conditions and sustained strong performance in manufacturing, trade, construction and mining activities. In a decade-long trend, inflation declined to about 15 percent and reached 9.0% at the end of March 2008. BOT has targeted inflation to reach 6.0% at the end of June 2008 but this may be difficult to achieve in view of recent inflationary pressures associated with petrol and food prices.

5.1.2 Agricultural production has fluctuated around low levels for most food and cash crops. Similarly, productivity has remained low, especially among smallholder farmers who constitute the majority of agricultural producers in Tanzania. The quality of export crops has remained relatively low compared to export crops produced by neighbouring countries. A combination of low production, low productivity and low quality of agricultural produce has significant limiting effects on rural growth and therefore on poverty reduction.

5.1.3 Major factors contributing to this situation include low levels of education and literacy among smallholder farmers, exposure to variable weather conditions, price shocks, limited investments and weak institutional arrangements. These structural problems justify the consideration of alternative institutional arrangements, which would involve smallholders becoming increasingly better organised - in forms generally referred to as producer associations – and in integrated systems of production, extension services, transportation, processing and marketing. Such an integrated approach could help overcome many of the constraints faced by smallholders by encouraging increased production and productivity, raising prices by increasing the quality of produce and by taking advantage of supply chain linkages and ensuring greater access to productive opportunities.

5.1.4 There are also indications that the search for a stronger poverty response from growth must address private sector development. The GBS 2007 Annual Review noted that PRSP-linked expenditures need to be substantially increased. For instance the budgetary allocation of 6% for agriculture is too small compared to the international target of 10%, and the 10.5% for health is much lower than the Abuja target of 15%.

5.2 Impact on Women

The Government's poverty reduction strategy includes the scaling up of efforts to address budgeting and financing of gender imbalances. This has been included in MKUKUTA cluster II (Improvement of Quality of Life and Social Well-being) as well as cluster II (Governance and Accountability). Cluster II was included in PRSL

II as a focal component. One of the important initiatives that the Government has undertaken to mainstream gender was the commissioning of the Tanzania Gender Network Programme (TGNP) to sensitise the budget process through the Gender Budgeting Initiative (GBI). The MOF promoted the GBI in other ministries, by training about 300 officials, mainly Members of Parliament, budget officers and planners, gender focal persons and officials from the President's Office as well as the Planning and Privatisation Department. In assessment of the specific impact of this operation, the 2007 GBS AR Report indicates that there has been marked improvement in enrolment in education institutions, promotion of gender equity and empowerment of women. Transition rate from primary to secondary schools reached 65% in 2007 for girls from 35.6% in 2005 while the net primary school enrolment ratio reached 97.5% from 93.9% over the same period.

5.3 Environmental Impact

Both the PRSL I and II were classified under category 3 of the Bank's environment classification. Implementation of PRSL was not expected to generate any negative impacts on the environment. However, MKUKUTI recognizes the importance of safeguarding environment for economic and social wellbeing. Accordingly the Government has put in place a Strategic Plan for the implementation of the legislation on environment, i.e. the Environmental Management Act (EMA) 2004. Each MDA and LGA has started implementing EMA. There is also in place the National Environment Management Commission (NEMC) which is overseeing implementation of the Act, undertaking surprise checks on industries and other areas. There is nevertheless a need to strengthen its capacity to improve supervision and monitoring.

6 PROGRAMME SUSTAINABILITY

6.1 The GOT has shown a strong commitment to ownership of the policy actions. Initial contacts through identification and consultations as well as in the PRBS/PAF reviews points to the assumption that the commitment will be continued in the medium-term when it is proposed that the Bank/GOT address structural impediments that can help translate growth into more significant poverty reduction and for a wider base of society.

6.2 There is evidence that the Office of the Accountant General is improving its public accounting and auditing practices. A computer-based Integrated Financial Management System (IFMS) is in operation and has helped the tracking of the flow of resources from the Treasury to spending units in Ministries and districts. Spending units have autonomy in expenditure and are also held accountable for result. A new legislation against corruption has been enacted and the anti-corruption Unit in the Office of the President is highly visible and could help sustain the gains made in Economic Governance.

6.3 The GOT is making commendable efforts to manage the existing financial resources well. The introduction of a MTEF and regular annual PERs (called PEFAR since the 2004 amalgamation of World Bank's Public Expenditure Reviews with similar reviews by other donors), the dialogue through the PRSS and PAF reviews are

rendering greater efficiency in monitoring the reform process with common reference points among co-financiers.

6.4 There is regular formal and informal dialogue on the reform among government agencies, and between Government agencies and the development partners. The progressive reduction in reliance on donors will prove difficult however. Government revenue is weak and skewed towards Dar es Salaam. While most development and some recurrent expenditure are still financed by donors, revenue collection is concentrated in Dar es Salaam region. Visible results of reforms in poverty reduction are the prerequisite for success in resource mobilization to fund an increasing share of the budget from domestic revenue. The key personnel managing the reform agenda are capable but over-stretched. There is limited capacity in many Government agencies.

6.5 An important concern is the distribution of the economic benefits from the reforms. In order to marshal continued popular support for the reforms, policy-makers need to deliver gains from the reform demonstrating benefits to most Tanzanians. In this respect, continued Government commitment and donors increasing provision of budget support mitigate some of these concerns in the short-run.

7 PERFORMANCE OF THE BANK, THE CO-FINANCIERS AND THE BORROWER

7.1 Performance of the Bank

7.1.1 This PCR rates the Bank's performance *satisfactory* (Annex 2) influenced particularly by the results, the substantial activities in the PRSL operation that upgraded the Bank's experience of development coordination in Tanzania, and the efficiencies being gained thereof through the annual PAF reviews.

7.1.2 PRS II was prepared after a PCR for PRSL I had been prepared. The PCRs on the SALs and PRSL I had recommended reduction in the number of conditionalities in future PBLs, and even the Bank Guidelines on Budget Support operations suggest a limited number of conditionalities. However it seems that this lesson was not well-observed as this loan imposed 10 conditionalities which took a long time to fulfil. The Staff Appraisal Report (SAR) followed closely the GOT overall reform program but did not reflect fully on the PAF reviews because of their ongoing nature. While funds were disbursed within the envisaged financial year, the disbursement was made on the last date of the financial year. In effect the funds were utilized in 2007/08.

7.1.3 In terms of adding more value, active and frequent involvement in the policy dialogue would be required. Furthermore, to deepen the Bank's engagement in national processes, Bank policy lending operations should be supported by independent economic and sector studies in collaboration with donors and GOT.

7.2 Coordination with Co-financiers

Co-financiers performance is rated *satisfactory* in view of the fact that the PRSL drew its policy reasoning substantially from the PRBS and the PAF matrix.

During program appraisal and implementation the ADF collaborated closely and shared information with the World Bank. As regards predictability both in terms of timing and amounts, the MKUKUTA reviews indicate that the performance of GBS partners has improved since 2004/05. Compared to 2005/06, there was improvement in 2006/07 for 3 DPs, the score remained the same for 8 DPs and deteriorated for 3 DPs. Predictability of amounts pledged is excellent with a rather modest record for only 2 DPs. Half of the DPs⁷ managed to do front loading in the first quarter while the other half did front loading in quarter 2, 3 or 4.

7.3 Performance of the Borrower and Executing Agency

7.3.1 The performance of the borrower was *satisfactory*. The Ministry of Finance (MOF) was the executing agency and BOT was delegated to handle financial management. Monitoring of the overall GOT programme, of which PRSL was a component, was adequate. It was envisaged in the appraisal report that review reports would be the main basis for follow-up. Reviews were arranged accordingly, and for the first time in 2007, they included participation of CSOs.

7.3.2 Following the implementation of the first generation PRS, the Government in collaboration with stakeholders conducted a comprehensive review of the first cycle (three years) implementation of the PRSP. The review process was a long consultative and participatory process involving a wide range of domestic and international stakeholders. The twin objectives of the review process was to (i) collect views and build consensus on poverty reduction measures, and (ii) build national ownership of the poverty reduction initiatives in the country. It was out of such exercise that MKUKUTA emerged. This is an outcome/result based strategy and is more effectively linked with the Millennium Development Goals (MDGs). Its implementation, hinges upon cross sectoral collaboration as well as emphasizing on the inter-sectoral linkages in achieving desired outcomes.

7.3.3 The MKUKUTA/NSGRP has sharpened the focus of the Tanzania's development, growth and reduction of poverty policies and strategies. It provides a coherent framework for coordinating and channelling resources for growth and poverty reduction programmes with clear set targets.

8. OVERALL PERFORMANCE AND RATING:

8.1 Relevance

The program's performance, in respect of relevance as a whole, was found *satisfactory*. Tanzania's economic growth was slow in the mid-1990s. The rate of inflation was in double digits. Fiscal management was unsatisfactory. Thus the adoption of a poverty reduction strategy agenda was relevant to improve socioeconomic conditions and consolidate the gains achieved from previously taken measures. As program implementation progressed, economic performance showed positive results. GDP growth averaged 6.2% in 2001-2005 compared to an average of 4.2% during 1996-2000, inflation declined to single digit levels (4.4% during 2001-2005) from an average of 12% during 1996-2000, the budget deficit (excluding

⁷ There are 14 DPs participating in the DBS operation

grants) increased from an average of 4.5% of GDP in 1996-2000 to 7.3% in 2001-2005.

8.2 Institutional Development

8.2.1 The Government responded to its capacity needs through an appropriate capacity building effort under its PSRP. This was designed to improve the performance of the public sector in all major areas, including budget and public financial management. Installation of a number of strategic systems and processes in MDAs has been done. This includes rolling out subject file management systems to MDAs, promotion of more decentralized decision making through reengineering Human Resource processes and launching additional Executive Agencies. Also included are institutional reforms encompassing the MTEF process, public procurement regulations, financial control systems, decentralization, institution of privatization measures, etc. In decentralisation, embedded decentralisation by devolution (D by D) across government ministries was completed for six ministries. In 2007 it resulted in substantial sums being transferred from the Ministry of Infrastructure to LGAs.

8.2.2 The audit office and the public procurement authority continue to show good performance. Progress towards reaching level 3 of the Afrosai-E capability model by 2010 is well on track. A law was passed last month that enhances the independence of the audit office. The procurement authority has developed a system to monitor compliance of procuring entities to the procurement law and has used it for 20 public enterprises so far.

8.2.3 In the legal sector, the Law School of Tanzania has been established. Improvement of performance of the judiciary and access to justice has been noted. It includes the training of judges of the court of appeal in computer usage. However, the departments of policy and planning in all MDAs are understaffed and lack sufficient capacity to prepare action plans. A comprehensive capacity building and technical assistance program that involve all officers in the implementing and lead agencies should be implemented on a priority basis for the LSRP to perform as expected.

8.2.4 As already noted, the focus on capacity building and implementation of public sector reform measures was to ensure that the resources provided for the PRS were to be effectively utilized to achieve the economic growth objectives. Nevertheless, it is noted that implementation time schedule was not strictly followed in the case of the PRSL II disbursement leading to a nine-month delay.

9 CONCLUSIONS AND POLICY LESSONS LEARNED

9.1 Conclusion

9.1.1 The performance of both the Bank and the Borrower has been found *satisfactory*. The PRSL II operation was successfully implemented. GBS has proven to be an important funding modality and an indication of the confidence that GBS partners have in the Government of Tanzania in its commitment to achieving development goals by managing public resources more effectively and responsibly.

As mandated by the GBS Partnership Framework Memorandum of January 2006, the GBS Annual Review serves as a forum for the Government and GBS Partners to jointly assess performance in meeting their commitments as agreed in the Partnership Framework Memorandum and in particular the Performance Assessment Framework (PAF). The GBS annual review cycle consists of a process of ongoing dialogue in Cluster Working Groups and an Annual Review event at the end of the cycle which brings together the findings from CWGs on their progress against the PAF. Thus the PRSL II provided an opportunity to effectively carry out its policy dialogue with Tanzania in a holistic manner.

9.1.2 If MKUKUTA targets are to be met as envisaged, then rural poverty reduction has to be accorded critical priority. Since poverty reduction is sensitive to growth, a strategy must be put in place that ensures high growth for a sustained period of time. This calls for two things to happen. First, agriculture must grow at a sustained rate of at least 6 per cent per annum. Second, growth needs to be broad based and strategies that promote such broad based growth must be developed and implemented.

9.1.3 The economy has enjoyed good performance and, in order to ensure sustainability, the government, with the support of donors, is implementing efficiency building measures under the ongoing reforms, whilst empowering the people through an effective consultative process.

9.2 Lessons learned

9.2.1 The number of loan conditions should be reduced and realistically designed taking into consideration the country context and systems in place. In this case the loan had ten conditions and three of them could not be fulfilled within the financial year for which the funds were required. The Board had to waive them to facilitate disbursement. (The justification for the waiver was that fulfilment was delayed because of the change of government in late 2005 that resulted in restructuring some of the ministries which were directly concerned with actions relating to MKUKUTA implementation). Against this background, it is always important to reasonably anticipate the political risk associated with program performance following an election year. Risks that are likely to materialize following an election should be anticipated and mitigation measures crafted during program design. Given that such was not the case in the PRSL II program design, granting of the waiver was justified.

9.2.2 Sector spread was rather wide in the operation making it difficult to attribute results. The Bank should be more selective in the sectors where it intervenes to ensure enhanced development impact. This would involve identifying and undertaking key pieces of sector and analytic work where value-added knowledge can guide relevant areas of intervention and focus. It also underscores the need to engage sector specialists in budget support operations and dialogue and strengthening country office capacity.

9.2.3 There is the need to establish complementarity of future budget support operation with other Bank operations in the country and with those of other development partners to ensure synergy and maximize impact through harmonized application of resources and leveraging the Bank's comparative advantage.

9.3 Recommendations

9.3.1 For the Bank

- i. The Bank should update its PCR preparation guidelines so as to take into account budget support operations. So far most PCRs have been on conventional projects whose SARs differ from policy-based operations, let alone budget support operations. The use of an annual review report (of a budget support operation) as the Borrower's PCR causes difficulties in making any meaningful analysis of performance in the Bank's PCR.
- ii. The Bank should strengthen its capacity for knowledge generation and enhance the quality and operational relevance of economic and sector work at the country level. This can be done through our enhanced engagement with other development partners on joint analytic work such as PEFA, CPAR, CFAA etc, or take leadership in generating sector-specific knowledge of specific relevance to the Bank.

9.3.2 For the Government

- i. The Government should take timely action to seek common agreement on the terminology of assessment indicators that cause disagreement among DPs ("satisfactory", "fair-moving", "delayed but good progress", "on track/achieved", "at risk", etc). It is also noteworthy that the Government should understand and appreciate that ratings of program performance must of necessity, follow the Bank's PCR Guidelines.

IMPLEMENTATION (BORROWER'S) PERFORMANCE

Component Indicators	Score (1 – 4)	Remarks
1. Adherence to time schedule	1.8	Fulfilment of the conditions for release of the loan funds was out of schedule leading to disbursement of funds at the very end of the financial year.
2. Adherence to cost schedule	n/a	
3. Compliance to covenants	1.8	There was delay (9 months) in fulfilling loan conditions for release of funds.
4. Adequacy of Monitoring & Evaluation and Reporting	3.0	Progress reports and review reports have been made satisfactorily.
TOTAL	6.6	
Overall Assessment of Implementation Performance	2.2	Satisfactory

Overall Rating R

3<R<4 : HS - Highly Satisfactory

2<R<3 : S - Satisfactory

1<R<2 : US - Unsatisfactory

R<1<EU: HUS - Highly Unsatisfactory

BANK PERFORMANCE

Component Indicators	Score (1 – 4)	Remarks
1. At Identification	3.0	The Bank participated from the beginning of the PRSP and started with SAL I.
2. At preparation of project	3.0	Preparation was carried out in February 2006 in close consultation with the World Bank, IMF and bilateral donors.
3. At appraisal	2.8	Appraisal (combined with preparation) was done February 2006. The time-frame for fulfilment of some of the conditions for release of the loan funds was short, leading to the delay in fulfilment of some of the loan conditions and release of the tranche.
4. At supervision	3.0	The Bank participated in the annual GBS reviews with the GBS Partners.
TOTAL	11.8	
Overall Assessment of Bank performance	2.95	Satisfactory

Overall Rating R

3<R<4 : HS - Highly Satisfactory

2<R<3 : S - Satisfactory

1<R<2 : US - Unsatisfactory

R<1<EU: HUS - Highly Unsatisfactory

OVERALL PROGRAM PERFORMANCE

No.	Component Indicators	Score (1-4)	Remarks
1.	Relevance and Achievement of Objectives	2.7	
1.1	Macroeconomic policies	3	The government resolutely pursued policies promoting growth and making positive results to emerge as implementation progressed.
1.2	Public sector reforms	3	Public sector reforms were effected and are continuing encompassing all civil service areas. This includes budgeting processing and execution, procurement, financial management, auditing and governance.
1.3	Financial reforms	2.5	The reforms have strengthened prudential oversight of the banking system. The banking supervision role of the central bank has been strengthened.
1.4	Private sector development	2.5	Measures were taken to improve the environment for private sector development.
2.	Institutional Development	2.3	
2.1	Institutional Framework	2.2	The public sector reform within the program is being implemented.
2.2	Financial management and audit systems	1.8	Financial management and audit systems are being strengthened under the ongoing reforms.
2.3	Capacity building program	3.0	Government is pursuing capacity building with assistance from donors.
3.	Sustainability	2.2	
3.1	Government commitment	2.5	The government showed commitment to implementing its economic reforms as a whole and non-achievement of some targets in the economic field were due to exogenous factors.
3.2	Institutional Framework	2	The country does not have adequate institutional capacity. To correct this, it has been actively pursuing capacity building with donor assistance.
3.3	Decentralization	2	The government has focused on decentralization as a way to entrench democracy and ensure that reforms at the regional level are sustained.
TOTAL		7.2	
Overall Assessment		2.4	Satisfactory

Overall Rating R

3<R<4 : HS - Highly Satisfactory

2<R<3 : S - Satisfactory

1<R<2 : US - Unsatisfactory

RECOMMENDATIONS AND FOLLOW-UP MATRIX

Area	Main Findings & Conclusions	Lessons Learned/Recommendation	Follow-up Actions	Responsibility
Formulation and Program Rationale	The Bank made use of available documentation from GBS Partners on past GBS operations in Tanzania	The existing documentation made it easy for the Bank to prepare its own document.	Use the experience gained in future programs and projects.	ADB
Program Implementation	Disbursement of loan funds was delayed up to the end of the financial year.	As a budget support operation, the Bank should have closely followed its implementation to avoid loan disbursement delays up to at the end of financial year.	Use the experience gained in future programs and projects.	ADB/GOT
Compliance with Loan Conditions & Covenants	Compliance took undue long time for release of loan funds. For three conditions a waiver was required to facilitate disbursement.	Lack of close supervision leads to delays in fulfilling loan conditions. The number of conditions (10) should have been minimized.	ADB to place more emphasis on supervision in order to get better project results. No. of conditions should be minimal.	ADB
Performance evaluation & Program Outcome	Performance review by the borrower has used terminology which is not clearly defined. It needs to be clarified.	The Bank's formats of progress reports and PCRs need to be revised to take into account the peculiarities of budget-support operations.	ADB should revise report formats government should consult GBS Partners to define terminology.	ADB/GOT

Annex 5 : TANZANIA : BANK GROUP OPERATIONS

SECTOR/PROJECT TITLE	FUNDS SOURCES	DATE APPROVED	AMNT (UA Mill.)	DATE SIGNED	DATE EFFECTIVE	AMNT DISB.	UNDISB. AMNT	DEADLINE FINAL DISB
<u>AGRICULTURE</u>								
Dakawa Rice	ADF	28 Feb. 1978	4.79	04 Apr. 1979	22 May 1979	4.79	0.00	31.12.94
Dakawa Rice (Suppl.1.1)	ADB	28 Nov. 1980	4.50	10 Mar. 1981	30 June 1981	3.89	0.61	31.12.95
Dakawa Rice (Suppl.1.1)	ADF	28 Nov. 1980	3.13	10 Mar. 1981	30 June 1981	3.13	0.00	31.12.96
Zanzibar Rainfed Rice Development	ADF	18 Dec. 1980	7.37	10 Mar. 1981	24 Apr. 1982	7.28	0.09	31.12.97
Kapunga & Madibira Rice Study	NTF	10 Nov. 1981	1.20	08 Jan. 1982	03 Dec. 1983	0.98	0.22	31.12.94
Morogoro Village Irrigation Study	ADF	08 Apr. 1982	0.49	04 Feb. 1983	00 May 1984	0.23	0.26	31.12.95
Small holder Rice Irrigation	ADF	08 Apr. 1982	7.37	04 Feb. 1983	25 June 1984	6.18	1.19	31.12.97
Dakawa Rice (Supp.II)	ADF	14 Apr. 1983	4.64	11 May 1983	11 Dec. 1984	3.46	1.18	30.06.94
Dodoma Livestock Development Study	TAF	12 Dec. 1985	0.51	07 May 1986	23 Dec. 1986	0.40	0.11	31.12.94
Kapunga Rice Irrigation	ADF	23 Dec. 1987	40.84	07 May 1988	13 Sep. 1988	40.84	0.00	31.12.97
Kapunga Rice Irrigation	NTF	14 Dec. 1987	6.44	07 May 1982	13 Sep. 1988	6.44	0.00	31.12.98
National Agric . & Livestock Exten. Rehab.	ADF	23 Aug. 1988	6.52	05 July 1989	03 Apr. 1990	5.88	0.64	31.12.99
National Agric . & Livestock Research Project.	ADF	23 Aug. 1988	6.17	05 July 1989	11 Jan.1990	6.01	0.17	31.12.01
Dakawa Integrated Irr. (Phase II) (Study)	TAF	11 June 1990	0.49	04 Feb. 1991	01 Sep. 1994	0.46	0.03	31.12.97
Kagera Sugar Estate Study	TAF	10 July 1993	0.61	24 Nov. 1993	14 Feb. 1994	0.43	0.18	30.06.97
Madibira Irrigation	ADF	03 Sep. 1993	21.92	24 Nov. 1993	08 May 1995	21.55	0.37	31.07.98
Livestock Marketing	ADF	27 Jan 1992	9.21	01 Dec. 1992	12 July 1994	8.40	0.81	31.12.05
Special Programme for Food Security	TAF	17 May 2000	0.77	30 Jan. 2001	11-May-2001	0.77	0.00	31.08.03
Selous Game Reserve	ADF	27 Nov. 1997	5.91	8-May-98	16 Nov. 1998	5.54	0.37	31.12.05
SUB-TOTAL			132.88			126.66	6.23	

TRANSPORT								
Mogoyo-Masasi Road Construction	ADB	21 Nov. 1974	4.00	15 Jan. 1975	16 May. 1975	4.00	0.00	31.12.97
Ten Bridges	ADF	25 Mar. 1975	4.61	20 June 1975	01 Oct. 1975	4.61	0.00	30.06.83
Rusumo-Lusahunga Road Construction	ADF	21 Feb. 1977	7.37	28 Mar. 1977	21 Jan. 1979	7.37	0.00	31.12.85
Ten Bridges (Supp.1.1)	ADF	14 Apr. 1983	3.64	11 May 1983	18 Jul. 1983	3.51	0.13	31.12.90
Rusumo-Lusahunga Road Construction (Supp II)	ADF	14 Apr. 1983	9.99	11 May 1983	22 Jun. 1983	9.99	0	31.12.85
TANZAM Railway Rehabilitation	ADF	15 Feb. 1987	17.68	30 Nov. 1987	03 Mar. 1989	17.67	0.01	31.12.95
Road Rehabilitation Project Study	TAF	11 June 1990	2.39	04 Feb. 1991	30 Jul. 1992	1.20	1.19	30.06.97
Road Rehabilitation Project	ADF	11 June 1990	32.88	04 Feb. 1991	17 June 1993	20.30	12.58	31.12.97
Three Road Studies	TAF	29 Oct. 1992	3.68	01 Dec. 1992	30 Jul. 1994	2.19	1.49	31.12.97
Tanzania Railway Corporation Rehab.	ADF	21 June 1992	21.18	26 Feb. 1993	16 June 1994	14.95	6.23	31.12.99
Airport Studies	TAF	31 Sep. 1993	1.47	24 Nov. 1993	14 Sep. 1994	1.05	0.42	31.12.97
Zanzibar Road Studies	ADF	09 Sep. 1998	1.06	20 Nov.1998	19 Sep. 2000	0.30	0.76	31.03.03
Mutukula-Muhutwe Road Project	ADF	08 Oct. 1997	20.00	17 Nov. 1997	27-Jan-1999	14.90	5.1	31.03.05
El Nino Road Rehabilitation	ADF	16 Dec 1998	9.75	5-Jan-1999	1-Oct-2000	4.26	5.49	30.06.05
Shelui-Nzega Road Project	ADF	17 June 1999	24.00	19 Nov. 1999	7-Mar-2000	13.75	10.25	29.11.05
SUB-TOTAL			163.70			120.05	43.65	
INDUSTRY								
Oil pipeline and Tankage Facilities	ADB	25 May 1971	3.00	25 May 1972	30 May. 1972	2.66	0.34	31.10.77
First Line of Credit to TIB	ADB	15 May 1973	1.50	21 June 1973	23 Oct. 1973	1.50	0.00	30.06.77
Second Line of Credit to TIB	ADB	23 Feb. 1977	3.00	24 June 1977	30 Sep. 1978	2.88	0.12	31.12.88
Third Line of Credit to TIB	ADF	09 June 1981	5.00	06 Nov. 1981	17 Aug. 1982	4.82	0.18	30.06.94
Caustic Soda Study	TAF	20 Nov. 1990	0.70	04 Feb. 1991	30 Jul. 1992	0.60	0.10	31.12.96
EPZ Study	TAF	26 Feb. 1992	0.74	14 May 1992	13 Dec. 1993	0.48	0.26	31.12.97
SUB-TOTAL			13.94			12.94	1.00	

<u>PUBLIC UTILITIES</u>								
Shinyanga-Lindi Water Supply	ADF	24 Aug. 1976	4.61	25 Nov. 1976	15 Dec. 1978	4.61	0.00	31.12.84
Kidatu-Mufindi Power Transmission	ADB	27 Nov. 1979	8.00	01 Feb. 1980	13 Dec. 1980	7.94	0.06	30.06.94
Dodoma-Water Drainage-Sewerage 1	ADB	18 Dec. 1979	7.00	01 Feb. 1980	21 Feb. 1980	7.00	0.00	31.12.84
Dodoma-Water Drainage-Sewerage 11	ADB	27 Aug. 1980	10.00	10 Mar. 1981	30 Sep.1981	9.30	0.70	30.06.94
Rural Electrification Newala-Massisi	ADF	24 June 1982	11.97	04 Feb. 1983	01 Oct. 1984	11.77	0.20	30.06.94
Shinyanga-Lindi Water Supply (Supp.1.1)	ADF	14 Apr. 1983	2.64	11 May 1983	16 Mar. 1984	2.64	0.00	30.06.84
Mwamapuli-Buleny Water Sup. Study	ADF	27 Nov. 1986	0.55	11 Dec. 1986	06 Nov. 1989	0.55	0.00	31.12.91
Zanzibar-Pemba Water Supply Study	ADF	27 Nov. 1986	0.64	11 Dec. 1986	11 May 1988	0.64	0.00	31.12.94
Kagera Basin Telecoms	ADF	22 Dec. 1986	4.19	03 May 1987	13 Sep. 1988	3.45	0.74	31.03.99
Pangani Falls Hydro-Electrc. Study	TAF	17 Sep. 1987	1.50	30 Nov. 1987	21 Feb. 1990	0.00	1.50	31.12.90
Zanzibar-Pemba Power System	ADF	19 Jan. 1989	13.22	06 Jul. 1989	12 Jun. 1990	11.91	1.31	30.06.00
Zanzibar Rural Water Supply	ADF	16 Dec. 1991	7.83	01 Dec. 1992	22 Mar. 1994	3.29	4.54	31.12.97
Telecommunications II	ADF	24 June 1992	18.42	01 Dc. 1992	13 Oct. 1993	18.39	0.03	31.12.97
Telecommunications II	ADB	24 June 1992	10.00	01 Dec. 1992	13 Oct. 1993	9.73	0.27	31.12.97
Dar es Salaam Water Supply Study	TAF	21 June 1993	0.69	23 July 1993	16 June 1994	0.52	0.17	30.06.97
Mchuchuma Colliery Thermal Power Study	TAF	21 Oct. 1993	2.50	13 June 1994	13 June 1994	1.75	0.75	31.12.97
Electricity IV	ADF	16 Dec. 1991	23.03	01 Dec. 1992	17 Aug. 1994	21.01	2.02	31.12.04
Electricity IV	NTF	16 Dec. 1991	6.00	01 Dec. 1992	17 Aug. 1994	4.5	1.5	31.12.04
Monduli Rural District Water Supply Study	TAF	16 July 1997	0.78	17 Nov. 1997	13 Jun. 2000	0.75	0.03	30.09.02
Rural Electrification Master Plan	ADF- G	28 June 2001	1.87	28 Sep. 2001	21 Oct. 2003	1.53	81.82	31.12.05
SUB-TOTAL			135.44			121.28	95.64	

SOCIAL								
Technical and Vocational Training	ADF	19 Dec. 1978	6.45	16 May 1979	28 July 80	5.37	1.08	31.12.96
Muhimbili Teaching Hospital Study	TAF	23 Mar. 1989	0.59	30 May 1989	23 May 1980	0.47	0.12	31.12.97
Employment & Technical Education Studies	TAF	23 June 1993	0.65	23 July 1993	16 May 1995	0.63	0.02	31.03.97
Zanzibar Health Dev. Requirement Studies	TAF	03 Dec. 1997	0.91	08-May-98	24 Sep. 1999	0.90	0.01	30.06.04
SUB-TOTAL			8.60			7.37	1.23	
MULTI-SECTOR (POLICY BASED)								
Sector Rehabilitation (Ag and Tr)	ADF	26 Oct. 1987	28.55	29 Dec. 1987	29 Dec. 1987	26.42	2.13	30.06.94
Industrial Sector Adjustment	ADF	17 Sep. 1990	27.63	01 July 1991	06 Aug. 1991	27.63	0.00	30.06.94
Financial Sector Adjustment Programme	ADF	25 May 1992	27.63	01 Dec. 1992	16 May 1993	27.63	0.17	31.12.95
Structural Adjustment Loan	ADF	05 Nov. 1997	45.00	17 Nov. 1997	24 Dec. 1997	45.00	0.00	31.12.99
SFM Loan I	ADF	04 Dec. 1999	0.62	05 Jan. 1999	27 Aug. 1999	0.62	0.00	30.06.01
SFM Loan II	ADF	14 July 1999	0.55	19 Nov. 1999	27 Aug. 1999	0.55	0.00	30.06.00
Structural Adjustment Loan II	ADF	03 Sep. 2001	40.00	28 Sep.2001	08 Dec. .2001	40.00	0.00	30.06.04
Poverty Reduction Support Loan I	ADF	27 Oct. 2004	50.00	09 Dec. 2004		50.00	0.00	
Poverty Reduction Support Loan II	ADF	28 June 2006	50.00	31 Aug 2006	June 2007	50.00	0.0	31.12.07
SUB-TOTAL			269.98			267.85	2.30	
GRAND TOTAL COMPLETED OPERATIONS			724.54			656.15	150.05	

TANZANIA - BANK GROUP ONGOING OPERATION

	FUNDS	DATE	AMNT	DATE	DATE	AMNT	PER CENT	DEADLINE
SECTOR/PROJECT TITLE	SOURCES	APPROVED	(UA Mill.)	SIGNED	EFFECTIVE	DISB.	DISB	FINAL DISB
<u>AGRICULTURE</u>								
1	Agric. Marketing Systems Dev. Programme	ADF	15.90	12 May. 2003	15 Dec. 2003	2.50	15.72	31.12.2008
		ADF- G	1.00	12 May. 2003	15 Dec. 2003	0.42	42.00	31.12.2008
2	District Agricultural Sector Investment Project	ADF	36.00	11-Feb-2005	20-Jul-2005	0.09	0.25	30.06.2012
		ADF- G	7.00	11-Feb-2005	20-Jul-2005	0.04	0.57	30.06.2012
SUB-TOTAL			59.90			3.05	5.09	
<u>TRANSPORT</u>								
3	Road Rehabilitation / Upg. Project	ADF	38.65	28 Sep. 2001	6-Jun-2003	10.74	27.79	31.03.07
4	Zanzibar Roads Upgrading Project	ADF	16.22	24-Jun-2004	5-Oct-2004	0.00	0.00	31.12.07
		ADF- G	0.71	24-Jun-2004		0.00	0.00	31.12.07
SUB-TOTAL			55.58			10.74	19.32	
<u>INDUSTRY</u>								
SUB-TOTAL			0.00			0.00		
<u>PUBLIC UTILITIES</u>								
5	Dar es Salaam Water Supply	ADF	36.94	17 Dec 2001	29 May 2002	5.89	14.13	31.12.07
		ADF- G	1.31	17 Dec 2001	29 May 2002	0.57	12.21	31.12.07
6	Monduli Rural District Water Project	ADF- G	15.51	27 Nov 2003	10 Feb 2004	3.45	16.96	31.12.08
SUB-TOTAL			53.76			9.91	18.43	
<u>SOCIAL</u>								
7	First Health Rehabilitation Project	ADF	15.00	03 Dec. 1997	08 May 1998	8.93	59.53	30.06.07
8	Education II Project	ADF	20.00	10 Dec. 1997	08 May 1998	16.81	84.05	30.06.06
9	Small Enterprises Loan Facility	ADF	8.00	11 Nov. 1998	12 Apr. 1998	7.31	91.38	31.01.07
10	Three Regions Health Studies	ADF- G	1.75	14 July 1999	19 Nov. 1999	0.98	56.00	31.01.06
11	Alternative Learning & Skills Dev. Project	ADF	5.56	31 Oct 2000	30-Jan-2001	1.11	19.96	30.06.07
		ADF- G	1.01	31 Oct 2000	30-Jan-2001	0.61	60.40	30.06.07
12	SAP for Vocational Ed & Training	ADF	14.22	09 July 2003	15-Sep-2003	0.11	0.77	31.12.08
		ADF- G	1.60	09 July 2003	15-Sep-2003	0.00	0.00	31.12.08
SUB-TOTAL			67.14			35.86	53.41	
<u>MULTI-SECTOR</u>								
13	Institutional Support for Good Governance	ADF-G	4.8	13 Dec 2004	11-Feb-2005	0.00	0.00	31.12.08
SUB-TOTAL			4.80					
GRAND TOTAL ONGOING OPERATIONS			236.38			59.56	25.20	